GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:404
ANSWERED ON:24.07.2001
CAG REPORT ON COAL SECTOR
VSM (RETD.) COL. CHOUDHARY

Will the Minister of COAL be pleased to state:

(a) Comptroller and Auditor General of India in his report during March,2000 has observed heavy loss of profit, especially by South-Eastern Coalfields Ltd. Western Coalfields Ltd. and Coal India Ltd.;

(b) if so, the details in this regard and the reasons therefor;

(c) the action taken or proposed to be taken against the officials responsible for such huge losses; and

(d) the details of the steps taken/proposed to be taken by the Government to avoid such huge losses by these Coal Companies in future?

Answer

MINISTER OF STATE FOR COAL (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) & (b) : As disclosed in the Annual Report & Accounts 1999-2000, Vol-II, of Coal India Limited, the Comptroller & Auditor General of India (C&AG)had made certain observations on the accounts of the South Eastern Coalfields Limited, whereby, additional provision of Rs. 100.61 crores had to be made, which included an adhoc provision of Rs. 98.06 crores on account of pay/wage revision of non-executives from 1.7.96 and executives from 1.1.1997 respectively. This led to decrease in the pre-tax profit of the company by Rs. 100.60 crores.

In respect of the Western Coalfields Limited, in pursuance of observations of the Comptroller & Auditor General of India on the accounts of the company for the year ending 31.3.2000, provisions had to be made of Rs. 8,022.80 lakhs towards pay revision pending finalisation of MOU/Agreement and of Rs. 58.41 lakhs towards depreciation etc. These had the effect of reducing profit before tax by Rs. 8,163.22 lakhs. Further, the profit of Coal India Limited has decreased by Rs. 1,848.88 lakhs during 1999-2000 because of revisions made in the Accounts consequent upon observations made by the Comptroller and Auditor General of India.

(c) : The annual accounts of the Public Sector Coal companies are audited by the statutory auditors and the Comptroller & Auditor General of India before these accounts are adopted at the Annual General meeting of the companies. Therefore, revisions in the annual accounts of the companies on the basis of observations of the C&AG, before adoption of the annual accounts, is a procedural requirement. Since the revisions are because of inclusion of certain provisions, no irregularity is involved and, therefore, the question of taking any action against any official in the matter does not arise.

(d) The stated losses are not operational losses. The provisions had to be made in terms of accepted accounting practices. Therefore, the role of Government is limited in the matter.

Subject :- Lok Sabha USQ No. 404 for 24.7.2001 by Col.(Retd) Sona Ram Choudhary, regarding C&AG report on coal sector.

FR is an admitted version of Lok Sabha USQ No. 404 for 24.7.2001 by Col.(Retd) Sona Ram Choudhary, regarding C&AG report on coal sector. The various parts of the questions as follows :-

(a) Comptroller and Auditor General of India in his report during March,2000 has observed heavy loss of profit, especially by South-Eastern Coalfields Ltd. Western Coalfields Ltd. and Coal India Ltd.;

(b) if so, the details in this regard and the reasons therefor;

(c) the action taken or proposed to be taken against the officials responsible for such huge losses; and

(d) the details of the steps taken/proposed to be taken by the Government to avoid such huge losses by these Coal Companies in future?

2. The comments of Comptroller & Auditor General of India made in his report during March, 2000 on SECL, WCL and CIL or

contained in the Annual Report & Accounts(1990-2000), the extracts of which are placed below.

3. Based on the information available to CA Section, a draft reply has been attempted and is put up for approval.